DRUG STORE NEWS

Vol. 10/No. 25 Our 60th year of serving chains, wholesalers and high-volume independents Published by Lebhar-Friedman Inc. Dec. 12, 1988

A Commemorative Issue

Sixty Years of Drug Store Retailing

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DRUG STORE NEWS®

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Fantle's upscale prototype in Centreville, Va., represents new direction for beleaguered Dart Drug.

Upscale D.C. Fantle's give Dart Drug a lift

By Bruce Buckley

CENTREVILLE, Va. — Dart Drug recently unveiled its first two Fantle's drug stores, both sporting a new, upscale, department store-look designed to rebuild Dart's tattered image in the competitive Washington, D.C. market.

The two new Northern Virginia stores, an 18,000-square-foot unit in Centreville and a 12,000-square-foot version in Manassas, opened to what Dart chairman Sheldon "Bud" Fantle called "very gratifying" sales results. "During the first two weeks they exceeded expectations," he said.

Dart will open five more Fantle's stores

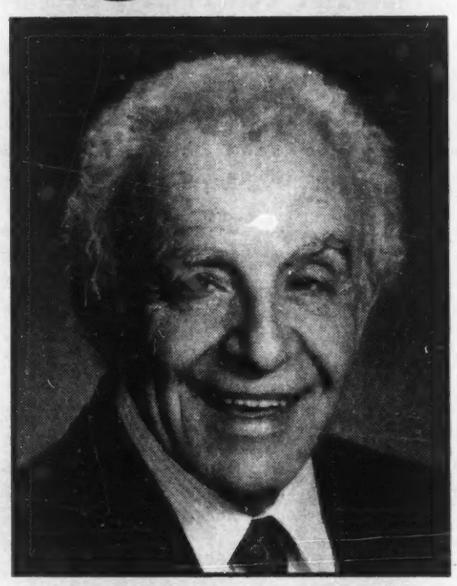
See **Fantle's,** *page 178*

'Individualist' Reg LaVerdiere dead at age 65

CHINA LAKE, Maine — Reginald Evariste LaVerdiere, who built LaVerdiere's Super Drug Stores into one of New England's fastest-growing drug chains, died at his home Nov. 24, Thanksgiving Day, after an illness of several years. He was 65 years old.

Born in nearby Waterville, where LaVerdiere's Drugs has its headquarters, he was the oldest son of Evariste and Lillian LaVerdiere. At age 15, he started working part-time in the business his father had founded in 1922.

"Reggie," as he was called by his friends and colleagues in the chain drug industry, was known for his warmth and outgoing personality, and as a man who was generous with his time and advice. He was also recognized as a highly astute businessman, with intuitive knowledge of his markets and customers.



Reginald LaVerdiere
Directed chain's growth

Uniquely suited to their rural markets, LaVerdiere's stores came to resemble

See **Reginald,** *page 178*

Management leads $500M Alco Health tender offer

Long-anticipated move finally surfaces

By Susan Ball

VALLEY FORGE, Pa. — A management-led investor group has launched a $500 million-plus, $31-per-share tender offer for Alco Health Services Corp.

The newly formed investor group, AHSC Holdings Corp., is made up of Citicorp Capital Investors; members of Alco Health management, including John F. McNamara, president and chief operations officer; and other institutional investors.

In a filing with the Securities and Exchange Commission Nov. 18, a subsidiary of AHSC Holdings made a cash tender offer for approximately 92 percent of Alco Health Services' shares, at $31 per share. The remaining 8 percent of shares will be converted into the right to receive subordinated debentures of AHSC Holdings.

The deadline for the offer is Dec. 16.

Alco Standard Corp., which owns about 36 percent of Alco Health Services' shares fully diluted, agreed to tender those shares into the offer. In addition, AHSC Holdings has an option to buy Alco Standard's shares of Alco Health Services under certain circumstances.

Citicorp Capital Investors is committed to back AHSC Holdings' offer with up to $50 million in subordinated debt and equity financing. Chemical Bank has committed to providing up to $350 million in financing for the transaction.

In a letter to AHSC Holdings, Drexel Burnham Lambert said it is confident it can raise the remainder of financing.

Analysts and others monitoring Alco Health Services have been expecting some offer to emerge since McKesson Drug's proposed acquisition of Alco Health Services for $30 per share ran afoul of Federal Trade Commission antitrust concerns in October. In fact, some had begun to wonder why such an offer was taking so long to surface.

At the time the merger with McKes-

See **Alco,** *page 180*

LATE NEWS

- NEWPORT BEACH, Calif. — Horton & Converse Pharmacies has agreed to purchase the assets of Exclusive Prescription Pharmacies, effective Dec. 18. Both date back to pre-1920s and have strong professional images.
- SHIREMANSTOWN, Pa. — Rite Aid Corp., citing too-low reimbursement levels, rejected an offer to participate in the UMWA Health and Retirement Fund's Cooperating Pharmacy Program in West Virginia.
- PONTIAC, Mich. — Perry Drug Stores has eliminated its longstanding discount policy on prescription drug co-pays by third-party customers, triggering an end to co-pay discounting by Arbor Drugs and Farmer Jack. Other Detroit-area drug and supermarket chains are considering similar moves.
- RALEIGH, N. C. — Kerr Drug provided emergency toiletry and sundry provisions to rescue groups after a Nov. 28 tornado tore through the Raleigh area, causing $100 million in damage and leaving seven dead statewide.

Solid waste laws would curb industry

Retailers seek fair, enforceable regs

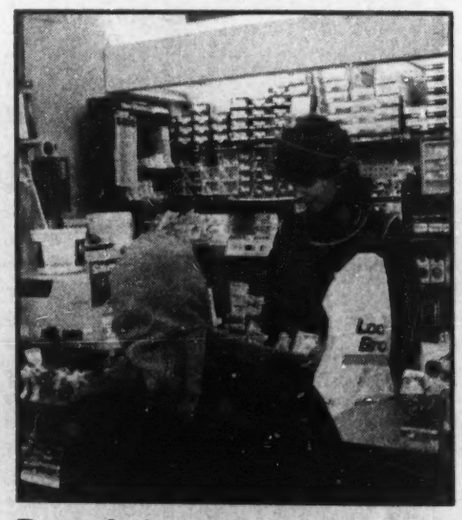
By David Vaczek

NEW YORK — Spurred by strong public support for action on waste disposal, lawmakers nationwide are developing laws to curb and manage the use of plastics in packaging—which will affect the drug store industry.

These regulations, and others aimed at all types of non-biodegradeable products such as household batteries, car batteries and tires, will restrict the ways vendors and retailers can use plastics.

Drug chains, for example, face curbs on plastic checkout bags, which are less expensive, take up less room, and are easier to transport than paper bags. Moreover, regulations on product packages could affect product size and shape as well as cost.

But local governments must translate the laws into fair, enforceable rules, a process that's just beginning with ground-breaking laws passed during the past year. That's



Drug chains might face curbs on the use of plastic checkout bags.

See **Trash,** *page 182*

NEWS IN BRIEF

Revco's reorganization period extended

TWINSBURG, Ohio — U.S. Bankruptcy Court in Akron, Ohio has extended a filing deadline for a reorganization plan by Revco D.S. until May 31, 1989. Revco will have three months after that date to line up acceptance of its plan among creditors.

"This is good news for Revco," noted chief financial officer Greg Raven. "The extension will allow us to move forward on the development of a comprehensive plan that will serve the best interests of all our constituencies."

The court also gave Revco until Feb. 2, 1989 to file a reorganization plan for its Odd Lot Trading subsidiary. Revco closed on the sale of the assets of Odd Lot to the Riklis Family Corp. on Nov. 22. Included in the sale are Odd Lot's 103 closeout stores and its 500,000-square-foot distribution center in Elizabeth, N.J.

Proceeds of the sale will help pay "post-petition administrative claims and expenses associated with the sale," according to Revco. The remaining sum will be held pending distribution under court supervision.

In another development, Revco has named Raven and Henry Kates as new directors of the company, joining its nine-member board. Kates is president and chief operations officer of The Mutual Benefit Life Insurance Co.

Scan-Tech highlights latest in technology

CHICAGO — A host of new technology applications for retailers, wholesalers and manufacturers flooded the trade floor of Scan-Tech '88, sponsored by the association of Automatic Identification Manufacturers (AIM). The annual trade show on automatic ID technology drew a record 225 exhibitors and as many as 10,000 attendees to Chicago's McCormick Place exhibition center in early November.

The focus of this year's event was integration of bar-coding systems into the modern workplace, including the point of sale. Also covered in seminars were topics like data communication and the economics of automation.

Industry execs host skin cancer benefit

NEW YORK — "A Moonlight Celebration" was the theme of this year's annual benefit by the Skin Cancer Foundation on Nov. 15. The event was a dinner-dance at the Waldorf-Astoria Hotel.

I. Howard Diener (center), executive vp-marketing at Peoples, was this year's general chairman. Eli Cohen (left), president and chief operations officer, Duane Reade, was co-chairman. Jim Bernard, (right) national accounts manager, Qualex, Durham, N.C., was among 800 drug and pharmaceutical industry officers who were entertained by television personality Dick Cavett and comedian Pat Cooper.

Nyhart takes trade group director's post

ARLINGTON HEIGHTS, Ill. — George Nyhart, former senior vp-trade relations with NACDS, has been appointed executive director of the American College of General Practitioners in Osteopathic Medicine and Surgery.

Nyhart was expected to assume his new duties at presstime, according to a spokesman for the 10,000-member organization based here.

A longtime executive with NACDS, Nyhart left the association in February.

Super Valu hypermarkets to debut next spring and fall

CUYAHOGA FALLS, Ohio — Super Valu Stores will enter the hypermarket sweepstakes when it opens its first combination discount/food/drug store in this Akron suburb in the spring. A second hypermarket will open a few miles away next fall in Euclid, Ohio, just outside Cleveland.

The stores will operate under the logo Twin Valu, and will feature 60,000 non-food items and 25,000 food items in a 180,000-square-foot setting. According to Super Valu, the huge outlets will bring together the expertise the Minneapolis-based retailer has gained through two subsidiaries—its Cub Foods warehouse superstores and its ShopKo mass merchandise division.

The stores will be open 24 hours, seven days a week, and each will move customers through 51 front-end checkstands. Departments will include a pharmacy, an optical center, one-hour photo lab, floral shop, bakery, deli, housewares and a large section for H&BA. The stores will also feature sporting goods, records, automotive centers, fashion and accessories, a portrait studio and a restaurant.

"Twin Valu will appeal to the time-, convenience- and price-sensitive customer," said Super Valu chairman and ceo Mike Wright. "It will provide high-quality, name-brand, discount-priced food and non-food merchandise in one efficient location."

Super Valu's Green Bay, Wis.-based ShopKo is planning and executing the concept. According to ShopKo president William Tyrrell, the firm has been "following the European [hypermarket] trend for several years."

A Super Valu spokesman said the company is "actively negotiating additional store sites in Ohio."

Just what effect the giant stores will have on northern Ohio's drug retailers is unclear. According to one Cleveland-based chain executive, the opening of a Makro store earlier this year in that market has had a limited effect. Makro, which is now majority-owned by K mart, operates warehouse club stores offering groceries, apparel and general merchandise. The chain now has two such units in the Cleveland area.

"The first week, customers couldn't get in the place it was so crowded, but by the third week the excitement had died down," he said. "I don't think it's going to hurt us that much."

Big B opens 200th store

Big B, which is celebrating its 20th anniversary, recently opened its 200th store, in Birmingham, Ala., featuring interior neon signage and POS scanning checkouts. In an expansion program that targets opening 23 stores this fiscal year, Big B plans to unveil seven more stores during its fourth quarter.

Sale-leaseback of Cullum properties?

DALLAS — Cullum Cos. is contemplating the sale-leaseback of its 50-percent interest in two hypermarkets it operates here in a joint venture with Wal-Mart. It may also do a sale-leaseback of some combos in Austin and elsewhere, stated a Cullum prospectus issued by Morgan Stanley & Co.

Cullum is trying to raise cash to help repay debts associated with its $529 million LBO. Cullum officials could not be reached for comment at presstime.

Longs gets private label award

CHICAGO — Longs Drug Stores was honored as this year's best chain drug retailer of private label merchandise.

The award came at the annual "Salute to Excellence" awards breakfast here, sponsored by the Private Label Manufacturers Association (PLMA) at its recent Store Brands Bandwagon show.

The chain has spurred house-brand sales the past year with a complete package overhaul of its 800+ private label products, and stronger merchandising and promotional efforts.

Bob Willis, Longs' senior merchandise administrator, said the chain has gone with a more upscale, unified look in packaging, replacing its old foil-wrapped packages with fully lithographed labels for a higher-quality image. It has also made product quality a central theme in the procurement process and in advertising and marketing efforts as it expands the private label line to new areas.

"As we develop more ad space for private label, we're trying to encourage more sales efforts for it by our store managers, although we don't force them to take on any particular private label product," Willis told *Drug Store News*. "One of the reasons sales and acceptance are going up is that we're moving toward an across-the-board quality assurance program for house brands."

Anniversary issue copies available

A limited number of hardbound and softbound copies of this 60th anniversary issue are available from *Drug Store News*. Prices are $20 for the hardbound edition and $10 for the softbound version.

Write to Christine Bizzarro, *Drug Store News*, 425 Park Ave., New York, N.Y. 10022; (212) 371-9400, ext. 262.

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About the cover: Pictured is a Hook Drug Store in Indianapolis, dating back to 1928.

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SPECIAL SAMI/BURKE REPORT

Best sellers differ by geographic market

Product Tracking Alan Miller

In my last column I focused on national best-selling health and beauty aids products and how the list differs between food stores and drug stores. The comparisons were based on data from all 54 SAMI markets combined.

This time I want to touch on variations in each of six geographically dispersed markets. These findings are based on reports for the year ended Oct. 7. There are so many variables to be analyzed, that I can only look at a few. Among them are:

1. The best-selling H&BA item is the same in both Boston/Providence* and New York drug stores. It's an eye care product. In Miami and St. Louis, the best-selling list is headed by an internal analgesic—same brand but a different size.

The leading item in Dallas is a synthetic vitamin, closely followed by a cold remedy capsule. In San Francisco, an antacid heads the list. That SKU doesn't make the top 10 list in either New York or Boston/ Providence.

2. Of the 60 positions on the best-selling lists (six markets times top 10 items in each market), 23 are taken by internal analgesics. No other category comes close.

Next on the list is the eye care category, with seven places among the top 60. That's followed by mouthwashes (six positions); antacids (five) and cold remedies (four). In both Boston/Providence and New York, the top 10 list is dominated by the internal analgesic category: five positions out of a possible 10 in each market.

Of the 60 positions on the best-selling lists (six markets times top 10 items in each market), 23 are taken by internal analgesics. No other category comes close.

3. There are wide variations in the retail dollar amounts generated by the leading item in drug stores in each of the six markets. In New York the eye care item that ranked as the No. 1 drug store seller had more than $2.1 million in sales.

St. Louis' top item, an internal analgesic, had sales of $215,000. In fact, the item that ranked 500th on the New York drug stores' H&BA list generated more sales, $218,400, than St. Louis' leading item. Obviously the size of the market is the main reason for the differences, but there is also the importance of drug stores relative to other retail markets.

4. In St. Louis and Miami, the top 10 items come from seven different product categories, whereas in San Francisco, Boston/Providence and Dallas/Fort Worth, only five categories are represented on the top 10 list—and not necessarily the same five.

In Boston/Providence and San Francisco, two of the top 20 items are eye care products. In contrast, the highest-ranking eye care product in Dallas/Fort Worth is number 41 on the market's list of best-selling drug store products.

5. There were also market-by-market variations in the importance of new items that have hit the top 500 list in the past year. In St. Louis, 16 new items landed among the top 500 products, while in Boston/Providence only seven managed to make the list.

The number of new products making the 500 list in the four other markets are: Miami, 12; San Francisco, 10; and New York and Dallas/Fort Worth (both eight). In most instances, these new items were health rather than beauty aids.

**Readers interested in reviewing a "Top 500" rank report for drug stores in Boston/Providence may obtain a copy by sending a request (written on company letterhead and signed by a company executive) to: Warren Spence, vp, H&BA marketing, SAMI/ Burke, 55 Greens Farms Road, Westport, Conn. 06880.*

Incidence of categories in which top 10 items in drug stores are found in six geographically dispersed SAMI markets

(Year ended Oct. 7, 1988)

Category	Boston/Provid.	New York	Miami	Dallas/Ft. Worth	St. Louis	San Fran.	Total
Internal analges.	5	3	4	5	4	2	23
Eye care	2	2			1	2	7
Mouthwash		2	1		1	2	6
Antacids		1	1		1	2	5
Cold remedies	1			2	1		4
Cough remedies	1		1		1		3
Facial preps		1				2	3
Synthetic vits.		1	1	1			3
Laxatives & stool softeners			1	1	1		3
Nasal spray/ drop/inhaler			1	1			2
Denture cleaners	1						1
Total	10	10	10	10	10	10	60

Source: SAMI/Burke

Category in which leading H&BA item in drug stores is found

(52-week period ended Oct. 7, 1988)

Market	Leading Brand Category
Boston/Providence	Eye care
New York	Eye care
Miami	Internal analgesics
Dallas/Fort Worth	Synthetic vitamins
St. Louis	Internal analgesics
San Francisco	Antacids

Source: SAMI/Burke

In Boston/Providence and San Francisco, two of the top 20 items are eye care products.

Drug store sales generated by leading item and lowest item on SAMI top 500 H&BA list

(in thousands of dollars)

	#1 Item	#500 Item
New York	$2,122.3	$218.4
Boston/Providence	1,627.4	192.0
San Francisco	1,160.8	123.7
Miami	622.5	77.6
Dallas/Fort Worth	391.6	50.6
St. Louis	214.5	21.1

Source: SAMI/Burke

New items on top 500 list of H&BAs sold in drug stores

(Year ended Oct. 7, 1988)

Market	Category	Item Description
Boston/Prov.	Internal analges.	Advil Caplets/Tabs Floorstand.
	Mouthwash	Plax Mouthwash Mint 16 oz.
	Eye care	Aosept Disinfecting/Saline Solution 12 oz.
	Razor blades	Daisy Ladies Razor 10s.
	Internal analges.	Tylenol Gelcaps Extra Strength 50s.
	Eye care	Ciba Vision Saline Aerosol 12 oz.
	Internal analges.	Bufferin 200s
New York	Mouthwash	Plax Mouthwash mint 16 oz.
	Eye care	Aosept Disinfecting/Saline Solution 12 oz.
	Internal analges.	Advil Caplets/Tabs Floorstand.
	Antacids	Maalox Plus Liquid Extra Strength 12 oz.
	Shampoo	Clean & Clear Extra Body 11 oz.
	Razor blades	Gillette NCAA Atra/Trac II Display.
	Mouthwash	Plax Mouthwash Mint 8 oz.
	Toothpaste/powder	Viadent Tooth Paste Floorstand 7 oz.
	Internal analges.	Tylenol Caplets Extra Strength 25 Free 100s
Miami	Toothbrushes	Py-Co-Pay 48 Unit Display.
	Mouthwash	Plax Mouthwash Mint 16 oz.
	Antacid	Gaviscon Tablets Extra Strength 100s.
	Eye care	Aosept Disinfecting/Saline Solution 12 oz.
	Suntan lotion/oil	Pre-Sun Creamy Sunscreen SPF 39 4 oz.
	Internal analges.	Tylenol Gelcaps Extra Strength 50s.
	Suntan lotion/oil	Coppertone Lotion Sunblock SPF 30 + 4 oz.
	Baby oils/creams/lotions	Desitin Baby Ointment Tube Med. 2¼ oz.
	Appetite suppress.	Fibre Trim Fruit Tablets Berry 18s.
	Natural vitamins minerals/ supplements	Ferro-Sequels Iron T/R Tabs 100s.
	Suntan lotion/oil	Coppertone Lotion Sunless 3¾ oz.
Dallas/Fort Worth	Antacids	Gaviscon Tablets Extra Strength 100s.
	Antacids	Maalox Plus Liquid Extra Strength 12 oz.
	Eye care	AoSept Disinfecting/Saline Solution 12 oz.
	Appetite suppress.	Stay-Trim Gum Assorted 20s.
	Internal analges.	Doans Backache Extra Strength 24s.
	Internal analges.	Tylenol Caplet Extra Strength 25 Free 100s.
	Suntan lotion/oil.	Coppertone Lotion Sunless 3¾ oz.
	Appetite suppress.	Fibre Trim Fruit Tabs Berry 18s.
	Appetite suppress.	Fibre Trim Fruit Assorted Tabs 6s
St. Louis	Hair coloring	Sun In Lightener Assorted 4¾ oz.
	Mouthwash	Plax Mouthwash Mint 16 oz.
	Eye care	AoSept Disinfecting/Saline Solution 12 oz.
	Internal analges.	Tylenol Caplet Extra Strength 25 Free 100s.
	Antacids	Gaviscon Tablets Extra Strength 100s.
	Suntan lotion/oil	Coppertone Lotion Sunless 3¾ oz.
	Internal analges.	Tylenol Gelcaps Extra Strength 50s.
	Cough syrups	Robitussin DM 12 oz.
	Shampoo	Silkience Extra Body 32 oz.
	Internal analges	Advil Tablets 250s.
	Eye care	Lens Plus Bonus 8 oz.
	Eye care	Ciba Vision Saline Aerosol 12 oz.
	Stick deodorants & pads	Lady Speed Stick Anti-Pers. Asst. 1½ oz.
	Internal analges.	Tylenol Gelcaps Extra Strength 50s.
	Hair spray	Rave Max. Hold Unscented Non-Aerosol 7 oz.
	Laxatives/stool softeners	Metamucil Powder 32 oz.
San Francisco	Eye care	Aosept Disinfecting/Saline Solution 12 oz.
	Mouthwash	Plax Mouthwash Mint 16 oz.
	Antacids	Gaviscon Tablets Extra Strength 100s.
	Cough remedies	Sucrets Assorted Display.
	Laxatives/stool softeners	Metamucil Powder 32 oz.
	Appetite suppress.	Fibre Trim Fruit Tabs Berry 18s.
	Laxatives/stool softeners	Metamucil Powder Orange 32 oz.
	Antacids	Maalox Plus Liquid Extra Strength 12 oz.
	Appetite suppress.	Fibre Trim Fruit Tabs Orange 18s.
	Lip care	Blistex Lip Conditioner W/PABA ¼ oz.

Source: SAMI/Burke

NOTE

Some charts and graphs were color-coded in the original document. While it has not been possible to reproduce these items in color, their equivalent values on the black-and-white scale are often distinct enough to convey the same information as the original colors.

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